

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

TRANSFER OF PARCEL POST TO THE  
COMPETITIVE PRODUCT LIST

Docket No. MC2012-13

**REQUEST OF THE UNITED STATES POSTAL SERVICE  
TO TRANSFER PARCEL POST TO THE COMPETITIVE PRODUCT LIST**

(April 26, 2012)

In accordance with 39 U.S.C. § 3642 and 39 C.F.R. § 3020.30 *et seq.*, the United States Postal Service hereby requests that the following changes be made to the market-dominant and competitive product lists: (1) remove Parcel Post from the market-dominant product list; (2) add a nearly identical product, titled "Parcel Post," to the competitive product list, and; (3) leave Alaska Bypass Service, which is currently part of Parcel Post, on the market-dominant product list, as outlined in the proposed Mail Classification Schedule (MCS) language.

Pursuant to 39 U.S.C. § 404(b) and 39 C.F.R. § 3.4(f), the Governors authorized this request on March 21, 2012; a copy of the Governors' resolution is included at Attachment A. Attachment B contains a Statement of Supporting Justification, which demonstrates that the request fulfills the criteria set forth in Section 3642 for making changes to the market-dominant and competitive product lists. The proposed MCS language appears at Attachment C. As required by 39 U.S.C. § 3642(d)(1), a notice describing the request will be published in the Federal Register.

As discussed in the Statement of Supporting Justification, Parcel Post is an economical ground package delivery service for less-than-urgent and

oversized packages, and it competes with an assortment of comparable products offered by competitors. Though it is currently classified on the market-dominant product list, it fulfills all of the criteria for competitive products under section 3642. The Postal Service therefore requests that Parcel Post be removed from the market-dominant list, and that a similar product called Parcel Post be added to the competitive product list. As described in the proposed MCS language, the new competitive Parcel Post product would be nearly identical to the current Parcel Post offering, except that Alaska Bypass Service would remain on the market-dominant product list.

Approving this request will simply recognize the competitive nature of the marketplace that Parcel Post serves, and grant the Postal Service the pricing and negotiation flexibility enjoyed by competitors that offer comparable products. As described in the Statement of Supporting Justification, the proposed changes fulfill all of the criteria set forth in 39 C.F.R. § 3020.32.

Respectfully submitted,

UNITED STATES POSTAL SERVICE  
By its attorneys:

Kevin A. Calamoneri  
Managing Counsel, Corporate & Postal  
Business Law

Daniel J. Foucheaux  
Chief Counsel, Pricing & Product Support

John F. Rosato

475 L'Enfant Plaza, S.W.  
Washington, D.C. 20260-1137  
(202) 268-8597, Fax – 6187  
April 26, 2012

RESOLUTION OF THE GOVERNORS  
OF THE  
UNITED STATES POSTAL SERVICE

Resolution No. 12-02

Transfer of Parcel Post  
to the Competitive Product List

RESOLVED:

Pursuant to section 3642 of title 39, United States Code, the Postal Service shall file a request with the Postal Regulatory Commission to transfer Parcel Post from the market-dominant product list to the competitive product list.

Postal management is directed to provide the required public notice and to file with the Postal Regulatory Commission the transfer request and supporting documents, in accordance with Part 3020 of Title 39, Code of Federal Regulations.

The foregoing Resolution was adopted by the Governors on March 21, 2012.

A handwritten signature in cursive script, reading "Julie S. Moore", is positioned above a horizontal line.

Julie S. Moore  
Secretary, Board of Governors

## Statement of Supporting Justification

I, Karen F. Key, Manager of Shipping Products, sponsor the Postal Service's request that the Postal Regulatory Commission: (1) remove Parcel Post from the market-dominant product list; (2) add a nearly identical product called Parcel Post to the competitive product list, and; (3) leave Alaska Bypass Service on the market-dominant product list, as outlined in the proposed Mail Classification Schedule ("MCS") language. This Statement supports the request by providing the information required by each applicable subsection of 39 C.F.R. § 3020.32, as indicated below. I attest to the accuracy of the information contained herein.

*(a) Demonstrate why the change is in accordance with the policies and the applicable criteria of chapter 36 of title 39 of the United States Code.*

As demonstrated below in subsections (b) through (i), the change complies with the applicable statutory provisions.

*(b) Explain why, as to market dominant products, the change is not inconsistent with each requirement of 39 U.S.C. 3622(d), and that it advances the objectives of 39 U.S.C. 3622(b), taking into account the factors of 39 U.S.C. 3622(c).*

Section 3622 establishes the system for regulating rates and classes for market-dominant products. Subsection (b) sets forth the regulatory system's objectives. Subsection (c) describes the factors the Commission shall take into account in establishing or revising the system. Subsection (d) delineates the

process for raising rates. To the extent that the removal of Parcel Post from the market-dominant product list implicates the objectives and factors set forth in subsections (b) and (c) – particularly the proposal to leave Alaska Bypass Service on the market-dominant product list – it is consistent with them; it does not implicate the processes outlined in subsection (d).

After Parcel Post is removed from the market-dominant product list, Alaska shippers will still have access to Alaska Bypass Service on the market-dominant product list. Alaska Bypass Service allows shippers to send shrink-wrapped pallets of goods intra-Alaska at Parcel Post rates from designated “hub points” to designated “bush points.” Accordingly, objectives in section 3622(b), such as maintaining “predictability and stability in rates,”<sup>1</sup> “high quality service standards,”<sup>2</sup> and a “just and reasonable” schedule for rates and classifications<sup>3</sup> shall continue to be met. Similarly, looking at the factors in section 3622(c), the availability of Alaska Bypass Service will mean, for example, that there is an “available alternative means” to sending mail “at reasonable costs,”<sup>4</sup> and that there will be an effective cap on prices for Alaska Bypass pallets, so “the effect of rate increases”<sup>5</sup> should not be significant.

---

<sup>1</sup> Section 3622(b)(2).

<sup>2</sup> Section 3622(b)(3).

<sup>3</sup> Section 3622(b)(8).

<sup>4</sup> Section 3622(c)(4).

<sup>5</sup> Section 3622(c)(3).

*(c) Explain why, as to competitive products, the addition, deletion, or transfer will not result in the violation of any of the standards of 39 U.S.C. 3633.*

Section 3633 sets forth three standards for competitive products.

Subsection (a)(1) prohibits the subsidization of competitive products by market-dominant products. Subsection (a)(2) requires that each competitive product cover its attributable costs. Finally, subsection (a)(3) requires that all competitive products collectively cover an appropriate share of Postal Service institutional costs, which the Commission has determined to be 5.5 percent.

In fiscal year 2011, Parcel Post had an estimated cost coverage of 89.2 percent.<sup>6</sup> Given that this number is below 100 percent, the Postal Service recognizes that a price increase will be necessary to ensure that subsections (a)(1) and (a)(2) of section 3633 are satisfied.<sup>7</sup> As to subsection (a)(3), the Commission is currently reevaluating the institutional cost contribution requirement for competitive products in Docket No. RM2012-3. Assuming that the current 5.5 percent contribution rate remains the same, the Postal Service is confident that competitive products will continue to cover 5.5 percent of the Postal Service's institutional costs after Parcel Post is transferred to the competitive product list. Thus, the transfer of Parcel Post to the competitive product list should satisfy subsection (a)(3) of Section 3633.

---

<sup>6</sup> Docket No. ACR2011, United States Postal Service FY 2011 Annual Compliance Report ("ACR Report"), Pg. 36 (December 29, 2011).

<sup>7</sup> The Postal Service hopes that the Commission will approve the transfer of Parcel Post to the competitive product list contingent upon the Postal Service filing a notice of competitive price adjustment for Parcel Post rates, which demonstrates that such rates satisfy 39 U.S.C. 3633(a) and 39 CFR part 3015. The Commission took a similar approach when it approved the transfer of Standard Mail Parcels to the competitive product list. See Docket No. MC2010-36, Order 689, Pgs. 18-19 (March 2, 2011).

*(d) Verify that the change does not classify as competitive a product over which the Postal Service exercises sufficient market power that it can, without risk of losing a significant level of business to other firms offering similar products: (1) set the price of such product substantially above costs; (2) raise prices significantly; (3) decrease quality; or (4) decrease output.*

Parcel Post is the Postal Service's general purpose ground parcel offering for less-than-urgent deliveries and oversized packages, with prices ranging from one pound to 70 pounds. An analysis of the Postal Service's FY 2011 Indicia and Shape data ("Indicia Data") indicates that Parcel Post's customer base is split roughly evenly between consumer/non-business users and commercial/business users.<sup>8</sup> This customer data suggests that Parcel Post primarily competes in the ground package retail market, which includes households and small businesses with less than 9 employees.<sup>9</sup> However, as a general purpose ground package product, Parcel Post also competes in the broader ground package market. The table below shows the estimated market share distribution across these segments:

---

<sup>8</sup> FY2011 Indicia Data indicates that 57% of Parcel Post shipments were paid for using stamps or Postal Validation Imprint (generally associated with consumers or small businesses paying at the retail counter). The indicia data further indicates that 43% of Parcel Post shipments were paid for using Meter, IBM, permit, or other postage (generally associated with commercial customers).

<sup>9</sup> Retail parcels are those tendered by consumers and small businesses at local Post Offices, and through outlets such as FedEx Office and The UPS Store.

	Ground Package Retail Market	Total Ground Package Market
2010 Market Share by Volume	17.6%	1.1%

*Note: Commerical Carriers' market shares were distributed using the Colography Group's CY-2005 Retail Segmentation Report.*

*Source: The Colography Group and USPS FY 2010 Annual Compliance Report*

As the above table indicates, whether measured as a percentage of the narrower ground package retail market or the broader ground package market, Parcel Post's market share is small. Parcel Post's market shares remain low despite the fact that its current prices are lower than the retail prices charged by UPS and FedEx for their comparable ground package delivery products.<sup>10</sup> Moreover, a comparison of the comparable products' service standards (UPS Ground and FedEx Ground) indicates that these products provide faster guaranteed delivery times than those currently offered by Parcel Post.<sup>11</sup> When

---

<sup>10</sup> Based on a comparison of 2012 Parcel Post prices with the retail rates (including fuel and residential delivery surcharges) charged for UPS Ground and FedEx Ground. Based on this comparison, the Postal Service determined that Parcel Post's prices were, on average, 24.1% lower than UPS Ground retail rates and 14.7% lower than FedEx Ground retail rates.

<sup>11</sup> As the most economical and slowest ground package shipping options offered by UPS and FedEx, UPS Ground and FedEx Ground services are viewed as being comparable products to Parcel Post. An evaluation of UPS Ground and FedEx Ground service standards shows that these products offer day-certain delivery within 1-5 business days. FedEx Ground even offers a money-back guarantee if the package is not delivered on the promised delivery date. In contrast, Parcel Post provides delivery (not guaranteed) within 2-8 business days and does not offer a money-back guarantee. The above information can be obtained by going to [www.fedex.com](http://www.fedex.com) or [www.ups.com](http://www.ups.com).



taken together, these findings suggest that if the Postal Service were to raise prices, degrade service, or decrease output, that similar UPS and FedEx products would offer viable alternatives to current Parcel Post customers. Therefore, the Postal Service does not exercise de facto monopoly power over this market.

*(e) Explain whether or not each product that is the subject of the request is covered by the postal monopoly as reserved to the Postal Service under 18 U.S.C. 1696 subject to the exceptions set forth in 39 U.S.C. 601.*

As demonstrated by the attached MCS, the contents of Parcel Post will be outside the scope of the letter monopoly, or for any letters contained in such parcels, within the scope of the exceptions or suspensions to the Private Express Statutes. As set forth in the MCS, Parcel Post pieces cannot contain items that must be mailed as First-Class Mail. To the extent that packages sent via Parcel Post contain any documents, such documents would mostly be comprised of invoices, receipts, or incidental advertising. Even if a Parcel Post piece inadvertently contained a letter, the base price of a Parcel Post package is more than six times the price of a one-ounce single piece First Class Letter, which falls within the “price” exception to the Private Express Statutes.

With respect to any invoices or receipts accompanying merchandise sent via Parcel Post, the exception for cargo in 39 C.F.R. § 310.3(a) permits the inclusion of such matter because it both accompanies and relates “in all substantial respects to some part of the cargo or to the ordering, shipping or delivering of the cargo.” Incidental, non-addressed, non-personalized advertising

enclosed in a Parcel Post piece would also be within the scope of 39 C.F.R § 320.7. This suspension permits the carriage of advertisements "enclosed with merchandise in parcels," as long as the advertisements (i) are not marked with the names or addresses of intended recipients, and (ii) are incidental to the shipment of merchandise or periodicals.

With respect to any letters that might be contained in a Parcel Post piece, the price exception for letters in 39 U.S.C. § 601(b)(1) permits the inclusion of such matter, because the price paid for the carriage of the letter "is at least the amount equal to 6 times the rate then currently charged for the 1<sup>st</sup> ounce of a single-piece first class letter." Since the base price of a Parcel Post piece is \$5.20, it falls well above the \$2.70 threshold ( $\$.45 \times 6 = \$2.70$ ) established by the statute.

*(f) Provide a description of the availability and nature of enterprises in the private sector engaged in the delivery of the product.*

Subsection (d) above describes the availability and nature of private sector competitors. The two major ground package carrier services other than the Postal Service are FedEx and UPS. Comparable products offered by these companies include UPS Ground and FedEx Ground services. Similar to Parcel Post, prices for these comparable products vary based on weight and distance.

*(g) Provide any information available on the views of those who use the product on the appropriateness of the proposed modification.*

Given that service standards will remain the same after the proposed transfer, customers' major concern would likely be the effect of the modification on prices. Though a modest price increase will be necessary to move Parcel Post to 100 percent cost coverage, from a business standpoint, the Postal Service cannot raise Parcel Post prices above the prices for Priority Mail; otherwise, Parcel Post volume would shift to Priority Mail. Thus, as a practical matter, Priority Mail prices will effectively act as a cap on Parcel Post prices. Therefore, since Priority Mail is already the Postal Service's most widely used package delivery product, customers should not have major price concerns.

In addition, the Postal Service recognizes that those living in rural communities without a competitive package delivery market may be concerned that this proposal represents an attempt to limit package delivery service to rural areas. However, as mentioned above, Parcel Post will continue to have the same service standards – and will remain available throughout the country – once it is transferred to the competitive product list. Accordingly, customers residing in rural communities will continue to enjoy the same reliable ground package delivery service that they currently receive.

*(h) Provide a description of the likely impact of the proposed modification on small business concerns.*

The transfer of Parcel Post to the competitive product list is unlikely to result in a disproportionate impact on small business concerns. Based on the Postal Service's annual survey of commercial shippers and the indicia data referenced above, the Postal Service estimates that only 15 percent of Parcel Post's volume is attributable to small businesses. Though the Postal Service's Indicia Data shows that 43 percent of Parcel Post's volume is attributable to commercial users, a significant portion of this volume is generated by larger commercial mailers, including UPS and FedEx, who shipped more than 2.5 million Parcel Post pieces in FY 2011. Therefore, most small businesses should not see significant changes to their mailing options as a result of the proposed modification.

*(i) Include such information and data, and such statements of reasons and bases, as are necessary and appropriate to fully inform the Commission of the nature, scope, significance, and impact of the proposed modification.*

Making the modifications to the market-dominant and competitive product lists requested herein would recognize that Parcel Post is a competitive product. Parcel Post exists within a competitive market with multiple carriers offering comparable products with similar prices. Further, the table on page five demonstrates that whether measured in the narrowest or broadest of senses, Parcel Post does not dominate the markets that it serves. Removing Parcel Post from the market-dominant product list and creating a functionally similar product

on the competitive product list would grant the Postal Service the type of pricing and negotiation flexibility that its competitors enjoy and use to their advantage.

At the same time, mail users will still be protected by the availability of Priority Mail service, which will effectively constitute a price cap on Parcel Post prices.

For these reasons, the Postal Service requests that the Commission approve this Request.

**DRAFT**  
**MAIL CLASSIFICATION**  
**SCHEDULE (MCS)**  
**LANGUAGE**

**DATE: April 26, 2012**

**MAIL CLASSIFICATION CHANGES**

(Additions are underlined and deletions are marked with strike-through)

**Part A****Market Dominant Products**

\* \* \* \* \*

**1400            Package Services**

\* \* \* \* \*

**1400.2            Products Included in Class**

- ~~Parcel Post (1405)~~
- Alaska Bypass Service (1405)
- Inbound Surface Parcel Post (at UPU rates) (1410)
- Bound Printed Matter Flats (1415)
- Bound Printed Matter Parcels (1420)
- Media Mail/Library Mail (1425)

\* \* \* \* \*

**1405 ~~\_\_\_\_\_~~ Parcel Post****1405.1 ~~\_\_\_\_\_~~ Description**

~~Any matter mailable as Package Services mail may be sent via Parcel Post service.~~

**1405.2 ~~\_\_\_\_\_~~ Size and Weight Limitations**

	<b>Length</b>	<b>Height</b>	<b>Thickness</b>	<b>Weight</b>
Minimum	<del>large enough to accommodate postage, address, and other required elements on the address side</del>			none
Maximum	<del>130 inches in combined length and girth</del>			70 pounds

~~1405.3 Minimum Volume Requirements~~

	<del>Minimum Volume Requirements</del>
<del>Single Piece</del>	<del>none</del>

~~1405.4 Price Categories~~

- ~~• Parcel Post~~
  - ~~○ Zones 1-8~~
  - ~~○ Balloon Price~~
  - ~~○ Oversized~~

~~1405.5 Optional Features~~

~~The following additional services may be available in conjunction with the product specified in this section:~~

- ~~• Pickup On Demand Service~~
- ~~• Ancillary Services (1505)~~
  - ~~○ Address Correction Service (1505.1)~~
  - ~~○ Certificate of Mailing (1505.6)~~
  - ~~○ Collect on Delivery (1505.7)~~
  - ~~○ Delivery Confirmation (1505.8)~~
  - ~~○ Insurance (1505.9)~~
  - ~~○ Merchandise Return Service (1505.10)~~
  - ~~○ Return Receipt (1505.13)~~
  - ~~○ Return Receipt for Merchandise (1505.14)~~
  - ~~○ Restricted Delivery (1505.15)~~
  - ~~○ Signature Confirmation (1505.17)~~
  - ~~○ Special Handling (1505.18)~~
- ~~• Competitive Ancillary Services (2645)~~
  - ~~○ Package Intercept Service (2645.2)~~



1405.6 ——— Prices

*Parcel Post*

Maximum Weight (pounds)	Zones 1 & 2 - (\$)	Zone 3 - (\$)	Zone 4 - (\$)	Zone 5 - (\$)	Zone 6 - (\$)	Zone 7 - (\$)	Zone 8 - (\$)
1	5.10	5.15	5.25	5.30	5.34	5.38	5.41
2	5.15	5.38	5.89	7.35	7.65	7.96	8.67
3	5.65	6.39	7.14	8.23	9.00	9.48	10.69
4	6.10	7.14	7.97	9.30	10.13	10.76	11.77
5	7.23	8.28	9.02	10.12	10.82	11.39	12.29
6	7.92	9.15	9.94	10.94	11.45	12.02	13.03
7	8.37	9.86	10.49	11.80	12.36	13.01	14.15
8	8.70	10.34	10.86	12.17	12.96	13.74	15.03
9	8.95	10.69	11.24	12.55	13.56	14.47	15.90
10	9.18	11.03	11.61	12.92	14.16	15.21	16.77
11	9.49	11.38	11.99	13.29	14.76	15.94	17.65
12	9.80	11.72	12.36	13.66	15.36	16.67	18.52
13	10.11	12.06	12.74	14.03	15.96	17.40	19.39
14	10.42	12.41	13.11	14.40	16.56	18.13	20.27
15	10.73	12.75	13.49	14.77	17.16	18.86	21.14
16	11.04	13.10	13.87	15.14	17.76	19.59	22.01
17	11.34	13.44	14.24	15.51	18.36	20.33	22.89
18	11.65	13.79	14.60	15.99	18.96	21.06	23.76
19	11.96	14.13	14.95	16.47	19.56	21.79	24.64
20	12.27	14.48	15.30	16.94	20.16	22.52	25.51
21	12.58	14.82	15.66	17.42	20.76	23.25	26.38
22	12.89	15.17	16.01	17.89	21.36	23.98	27.26
23	13.20	15.51	16.37	18.37	21.96	24.71	28.13
24	13.51	15.86	16.72	18.84	22.56	25.45	29.00
25	13.82	16.20	17.07	19.32	23.16	26.18	29.88
26	14.13	16.55	17.43	19.80	23.76	26.91	30.75
27	14.44	16.89	17.78	20.27	24.36	27.64	31.63
28	14.75	17.24	18.14	20.75	24.96	28.37	32.50
29	15.06	17.58	18.49	21.22	25.56	29.10	33.37
30	15.37	17.93	18.85	21.70	26.16	29.83	34.25
31	15.68	18.27	19.20	22.17	26.76	30.57	35.12
32	15.99	18.62	19.55	22.65	27.37	31.30	35.99
33	16.30	18.96	19.91	23.13	27.97	32.03	36.87

*Parcel Post (Continued)*

<b>Maximum Weight (pounds)</b>	<b>Zones 1 &amp; 2 - (\$)</b>	<b>Zone 3 - (\$)</b>	<b>Zone 4 - (\$)</b>	<b>Zone 5 - (\$)</b>	<b>Zone 6 - (\$)</b>	<b>Zone 7 - (\$)</b>	<b>Zone 8 (\$)</b>
34	16.61	19.31	20.26	23.60	28.57	32.76	37.74
35	16.92	19.65	20.62	24.08	29.17	33.49	38.61
36	17.07	20.00	20.97	24.55	29.77	34.22	39.49
37	17.23	20.34	21.33	25.03	30.37	34.95	40.36
38	17.39	20.68	21.68	25.50	30.97	35.69	41.24
39	17.54	21.03	22.03	25.98	31.57	36.42	42.11
40	17.70	21.37	22.39	26.46	32.17	37.15	42.98
41	17.85	21.72	22.74	26.93	32.77	37.88	43.86
42	18.01	22.06	23.10	27.41	33.37	38.61	44.73
43	18.17	22.23	23.45	27.88	33.97	39.34	45.60
44	18.32	22.40	23.81	28.36	34.57	40.07	46.48
45	18.48	22.57	24.16	28.83	35.17	40.81	47.35
46	18.64	22.74	24.51	29.31	35.77	41.54	48.23
47	18.79	22.91	24.87	29.79	36.37	42.27	49.10
48	18.95	23.08	25.22	30.26	36.97	43.00	49.97
49	19.11	23.25	25.58	30.74	37.57	43.73	50.85
50	19.26	23.42	25.93	31.21	38.17	44.46	51.72
51	19.42	23.59	26.29	31.69	38.77	45.19	52.59
52	19.58	23.76	26.64	32.16	39.37	45.93	53.47
53	19.73	23.93	26.99	32.64	39.97	46.66	54.34
54	19.89	24.10	27.35	33.12	40.57	47.39	55.21
55	20.05	24.27	27.70	33.59	41.17	48.12	56.09
56	20.20	24.44	28.06	34.07	41.77	48.85	56.96
57	20.36	24.61	28.41	34.54	42.37	49.58	57.84
58	20.51	24.78	28.77	35.02	42.97	50.31	58.71
59	20.67	24.95	29.12	35.50	43.57	51.05	59.58
60	20.83	25.12	29.47	35.97	44.17	51.78	60.46
61	20.98	25.29	29.83	36.45	44.77	52.51	61.33
62	21.14	25.46	30.18	36.92	45.37	53.24	62.20
63	21.30	25.63	30.54	37.40	45.97	53.97	63.08
64	21.45	25.80	30.89	37.87	46.57	54.70	63.95
65	21.61	25.97	31.24	38.35	47.17	55.43	64.83
66	21.77	26.14	31.60	38.83	47.77	56.17	65.70
67	21.92	26.31	31.95	39.30	48.37	56.90	66.57
68	22.08	26.48	32.31	39.78	48.97	57.63	67.45
69	22.44	26.89	32.96	40.62	50.02	58.89	68.94
70	22.79	27.30	33.61	41.46	51.07	60.15	70.43
Oversized	61.80	64.65	65.94	67.89	90.92	96.82	107.16

*Balloon Price*

~~Pieces exceeding 84 inches in length and girth combined (but not more than 108 inches) and weighing less than 20 pounds are subject to a price equal to that for a 20-pound parcel for the zone to which the parcel is addressed.~~

*Oversized Pieces*

~~Regardless of weight, any piece that measures more than 108 inches (but not more than 130 inches) in length plus girth must pay the oversized price.~~

*Pickup On Demand Service*

~~Add \$15.30 for each Pickup On Demand stop~~

**1405**      **Alaska Bypass Service****1405.1**      **Description**

Subject to applicable FAA regulations and as specified by the Postal Service, all appropriately palletized mail may be sent intra-Alaska from designated "hub points" to designated "bush points" via Alaska Bypass Service.

**1405.2**      **Size and Weight Limitations**

	<b><u>Length</u></b>	<b><u>Height</u></b>	<b><u>Thickness</u></b>	<b><u>Weight</u></b>
<b><u>Minimum</u></b>	<b><u>None</u></b>			<b><u>1,000 lbs</u></b>
<b><u>Maximum</u></b>	<b><u>40 inches x 48 inches x 77 inches</u></b>			<b><u>2,200 lbs</u></b>

**1405.3**      **Minimum Volume Requirements**

	<b><u>Minimum Volume Requirements</u></b>
<b><u>Single-Pallet</u></b>	<b><u>None</u></b>

**1405.4**      **Price Categories**

- **Zones 1-8**

1405.5      PricesAlaska Bypass Zone Pricing

<u>Weight (pounds)</u>	<u>Zones 1 &amp; 2 (\$)</u>	<u>Zone 3 (\$)</u>	<u>Zone 4 (\$)</u>	<u>Zone 5 (\$)</u>	<u>Zone 6 (\$)</u>	<u>Zone 7 (\$)</u>	<u>Zone 8 (\$)</u>
<u>70</u>	<u>23.25</u>	<u>27.85</u>	<u>34.28</u>	<u>42.29</u>	<u>52.09</u>	<u>61.35</u>	<u>71.84</u>

Pricing Explanation

For Alaska bypass, prices are calculated by dividing the total weight of the shipment by 70 (subject to the maximum weight restriction) and multiplying the result (rounded to the nearest onehundredth) by the appropriate Alaska bypass price for the zone to which the parcel is addressed.

\* \* \* \* \*

**Part B****Competitive Products****2000      Competitive Product List****DOMESTIC PRODUCTS**

Express Mail  
Priority Mail  
Parcel Select  
Parcel Return Service  
Lightweight Commercial Parcels  
Market Tests  
Samples Co-op Box  
Gift Card Market Test  
Parcel Post

\* \* \* \* \*

**2105   Express Mail**

\* \* \* \* \*

**2105.6      Prices**

\* \* \* \* \*

Pickup On Demand Service

Add price specified for Parcel Post Pickup On Demand service (section ~~1405.6~~ 2135.6) for each Pickup On Demand stop.

\* \* \* \* \*

## 2110            Priority Mail

\* \* \* \* \*

### 2110.6           Prices

\* \* \* \* \*

#### *Retail Priority Mail Zone/Weight*

\* \* \* \* \*

#### *Retail Pickup On Demand Service*

Add price specified for Parcel Post Pickup On Demand service (section ~~1405.6~~  
2135.6) for each Pickup On Demand stop.

\* \* \* \* \*

#### *Commercial Base Priority Mail Zone/Weight*

\* \* \* \* \*

#### *Commercial Pickup On Demand Service*

Add price specified for Parcel Post Pickup On Demand service (section ~~1405.6~~  
2135.6) for each Pickup On Demand stop.

\* \* \* \* \*

#### *Commercial Plus Priority Mail Zone/Weight*

\* \* \* \* \*

#### *Commercial Pickup On Demand Service*

Add price specified for Parcel Post Pickup On Demand service (section ~~1405.6~~  
2135.6) for each Pickup On Demand stop.

\* \* \* \* \*

#### *Commercial Plus Cubic*

\* \* \* \* \*

#### *Commercial Pickup On Demand Service*

Add price specified for Parcel Post Pickup On Demand service (section ~~1405.6~~  
2135.6) for each Pickup On Demand stop.

\* \* \* \* \*

**2135**      **Parcel Post****2135.1**      **Description**

- a. Parcel Post provides reliable and economical ground package delivery service for less-than-urgent deliveries and oversized packages up to 130 inches in combined length and girth.
- b. Any matter eligible for mailing may be mailed as Parcel Post, except matter required to be mailed (1) by First-Class Mail service; (2) as Customized MarketMail pieces; or (3) copies of a publication that are required to be entered as Periodicals mail.
- c. Parcel Post packages are not sealed against postal inspection. The mailing of matter as Parcel Post constitutes consent by the mailer to postal inspection of the contents, regardless of the physical closure.
- d. Parcel Post packages may receive deferred service.
- e. Parcel Post packages that are undeliverable-as-addressed will be forwarded on request of the addressee, or forwarded and returned on request of the mailer, subject to the applicable single-piece Parcel Post price when forwarded or returned from one Post Office to another. Parcel Post packages that are combined with First-Class Mail or Standard Mail pieces will be forwarded if undeliverable-as-addressed, and returned if undeliverable, as specified in the Domestic Mail Manual.

**Attachments and enclosures**

- a. First-Class Mail or Standard Mail pieces may be attached to or enclosed in Parcel Post packages. Additional postage may be required.
- b. Parcel Post packages may have limited written additions placed on the wrapper, on a tag or label attached to the outside of the package, or inside the package, either loose or attached to the article.

**2135.2**      **Size and Weight Limitations**

	<b><u>Length</u></b>	<b><u>Height</u></b>	<b><u>Thickness</u></b>	<b><u>Weight</u></b>
<b><u>Minimum</u></b>	<u>large enough to accommodate postage, address, and other required elements on the address side</u>			<u>none</u>
<b><u>Maximum</u></b>	<u>130 inches in combined length and girth</u>			<u>70 pounds</u>

2135.3      Minimum Volume Requirements

	<u>Minimum Volume Requirements</u>
<u>Single-Piece</u>	<u>none</u>

2135.4      Price Categories

- Zones 1-8
  - Balloon Price
  - Oversized

2135.5      Optional Features

The following additional services may be available in conjunction with Parcel Post:

- Pickup On Demand Service
- Ancillary Services (1505)
  - Address Correction Service (1505.1)
  - Certificate of Mailing (1505.6)
  - Collect on Delivery (1505.7)
  - Delivery Confirmation (1505.8)
  - Insurance (1505.9)
  - Merchandise Return Service (1505.10)
  - Return Receipt (1505.13)
  - Return Receipt for Merchandise (1505.14)
  - Restricted Delivery (1505.15)
  - Signature Confirmation (1505.17)
  - Special Handling (1505.18)
- Competitive Ancillary Services (2645)
  - Package Intercept Service (2645.2)

## 2135.6 Prices

Parcel Post Zone/Weight

<u>Weight (pounds)</u>	<u>Zones 1 &amp; 2 (\$)</u>	<u>Zone 3 (\$)</u>	<u>Zone 4 (\$)</u>	<u>Zone 5 (\$)</u>	<u>Zone 6 (\$)</u>	<u>Zone 7 (\$)</u>	<u>Zone 8 (\$)</u>
<u>1</u>	<u>5.20</u>	<u>5.25</u>	<u>5.35</u>	<u>5.45</u>	<u>5.55</u>	<u>5.60</u>	<u>5.70</u>
<u>2</u>	<u>5.30</u>	<u>5.65</u>	<u>6.16</u>	<u>7.49</u>	<u>7.78</u>	<u>8.13</u>	<u>8.83</u>
<u>3</u>	<u>5.75</u>	<u>6.53</u>	<u>7.37</u>	<u>8.54</u>	<u>9.36</u>	<u>9.87</u>	<u>11.14</u>
<u>4</u>	<u>6.17</u>	<u>7.33</u>	<u>8.10</u>	<u>9.51</u>	<u>10.41</u>	<u>11.10</u>	<u>12.09</u>
<u>5</u>	<u>7.29</u>	<u>8.42</u>	<u>9.18</u>	<u>10.34</u>	<u>11.08</u>	<u>11.74</u>	<u>12.70</u>
<u>6</u>	<u>8.01</u>	<u>9.28</u>	<u>10.13</u>	<u>11.17</u>	<u>11.74</u>	<u>12.38</u>	<u>13.48</u>
<u>7</u>	<u>8.46</u>	<u>9.98</u>	<u>10.66</u>	<u>12.03</u>	<u>12.65</u>	<u>13.39</u>	<u>14.61</u>
<u>8</u>	<u>8.77</u>	<u>10.48</u>	<u>11.03</u>	<u>12.40</u>	<u>13.27</u>	<u>14.13</u>	<u>15.51</u>
<u>9</u>	<u>9.01</u>	<u>10.81</u>	<u>11.43</u>	<u>12.77</u>	<u>13.86</u>	<u>14.85</u>	<u>16.39</u>
<u>10</u>	<u>9.27</u>	<u>11.17</u>	<u>11.80</u>	<u>13.16</u>	<u>14.48</u>	<u>15.62</u>	<u>17.29</u>
<u>11</u>	<u>9.56</u>	<u>11.50</u>	<u>12.19</u>	<u>13.52</u>	<u>15.07</u>	<u>16.34</u>	<u>18.18</u>
<u>12</u>	<u>9.86</u>	<u>11.86</u>	<u>12.53</u>	<u>13.88</u>	<u>15.68</u>	<u>17.08</u>	<u>19.05</u>
<u>13</u>	<u>10.19</u>	<u>12.18</u>	<u>12.92</u>	<u>14.24</u>	<u>16.29</u>	<u>17.85</u>	<u>19.97</u>
<u>14</u>	<u>10.49</u>	<u>12.54</u>	<u>13.30</u>	<u>14.61</u>	<u>16.89</u>	<u>18.57</u>	<u>20.88</u>
<u>15</u>	<u>10.79</u>	<u>12.87</u>	<u>13.66</u>	<u>14.97</u>	<u>17.49</u>	<u>19.33</u>	<u>21.78</u>
<u>16</u>	<u>11.09</u>	<u>13.23</u>	<u>14.04</u>	<u>15.35</u>	<u>18.11</u>	<u>20.08</u>	<u>22.66</u>
<u>17</u>	<u>11.42</u>	<u>13.55</u>	<u>14.42</u>	<u>15.71</u>	<u>18.70</u>	<u>20.84</u>	<u>23.55</u>
<u>18</u>	<u>11.73</u>	<u>13.93</u>	<u>14.79</u>	<u>16.19</u>	<u>19.32</u>	<u>21.56</u>	<u>24.46</u>
<u>19</u>	<u>12.03</u>	<u>14.26</u>	<u>15.13</u>	<u>16.68</u>	<u>19.91</u>	<u>22.31</u>	<u>25.35</u>
<u>20</u>	<u>12.33</u>	<u>14.61</u>	<u>15.48</u>	<u>17.15</u>	<u>20.53</u>	<u>23.06</u>	<u>26.23</u>
<u>21</u>	<u>12.64</u>	<u>14.96</u>	<u>15.84</u>	<u>17.64</u>	<u>21.16</u>	<u>23.80</u>	<u>27.15</u>
<u>22</u>	<u>12.98</u>	<u>15.33</u>	<u>16.22</u>	<u>18.12</u>	<u>21.75</u>	<u>24.55</u>	<u>28.05</u>
<u>23</u>	<u>13.28</u>	<u>15.67</u>	<u>16.57</u>	<u>18.63</u>	<u>22.38</u>	<u>25.31</u>	<u>28.96</u>
<u>24</u>	<u>13.59</u>	<u>16.02</u>	<u>16.93</u>	<u>19.09</u>	<u>23.00</u>	<u>26.08</u>	<u>29.84</u>
<u>25</u>	<u>13.89</u>	<u>16.35</u>	<u>17.27</u>	<u>19.59</u>	<u>23.60</u>	<u>26.84</u>	<u>30.76</u>
<u>26</u>	<u>14.20</u>	<u>16.71</u>	<u>17.64</u>	<u>20.07</u>	<u>24.22</u>	<u>27.59</u>	<u>31.66</u>
<u>27</u>	<u>14.50</u>	<u>17.08</u>	<u>17.97</u>	<u>20.56</u>	<u>24.85</u>	<u>28.35</u>	<u>32.55</u>
<u>28</u>	<u>14.84</u>	<u>17.43</u>	<u>18.35</u>	<u>21.02</u>	<u>25.45</u>	<u>29.09</u>	<u>33.45</u>
<u>29</u>	<u>15.14</u>	<u>17.77</u>	<u>18.71</u>	<u>21.52</u>	<u>26.07</u>	<u>29.86</u>	<u>34.36</u>
<u>30</u>	<u>15.44</u>	<u>18.12</u>	<u>19.06</u>	<u>22.00</u>	<u>26.68</u>	<u>30.62</u>	<u>35.25</u>
<u>31</u>	<u>15.77</u>	<u>18.46</u>	<u>19.41</u>	<u>22.48</u>	<u>27.31</u>	<u>31.37</u>	<u>36.14</u>
<u>32</u>	<u>16.08</u>	<u>18.80</u>	<u>19.78</u>	<u>22.98</u>	<u>27.92</u>	<u>32.10</u>	<u>37.06</u>
<u>33</u>	<u>16.39</u>	<u>19.17</u>	<u>20.13</u>	<u>23.48</u>	<u>28.55</u>	<u>32.87</u>	<u>37.96</u>



*Parcel Post Zone/Weight (Continued)*

<u>Maximum Weight (pounds)</u>	<u>Zones 1 &amp; 2 (\$)</u>	<u>Zone 3 (\$)</u>	<u>Zone 4 (\$)</u>	<u>Zone 5 (\$)</u>	<u>Zone 6 (\$)</u>	<u>Zone 7 (\$)</u>	<u>Zone 8 (\$)</u>
34	16.70	19.50	20.49	23.94	29.15	33.60	38.87
35	17.01	19.83	20.85	24.43	29.75	34.37	39.77
36	17.16	20.21	21.19	24.91	30.36	35.12	40.67
37	17.31	20.54	21.58	25.39	30.99	35.86	41.56
38	17.47	20.90	21.92	25.87	31.59	36.61	42.49
39	17.62	21.24	22.27	26.36	32.19	37.36	43.39
40	17.81	21.57	22.66	26.85	32.81	38.10	44.29
41	17.95	21.95	23.00	27.33	33.43	38.84	45.20
42	18.11	22.28	23.36	27.82	34.04	39.60	46.09
43	18.27	22.44	23.71	28.29	34.64	40.35	46.99
44	18.42	22.60	24.10	28.76	35.26	41.11	47.91
45	18.58	22.80	24.45	29.23	35.86	41.88	48.81
46	18.73	22.96	24.80	29.72	36.49	42.62	49.72
47	18.88	23.13	25.16	30.21	37.11	43.38	50.62
48	19.04	23.30	25.54	30.69	37.71	44.14	51.53
49	19.20	23.46	25.90	31.18	38.33	44.91	52.44
50	19.35	23.63	26.25	31.65	38.95	45.63	53.35
51	19.51	23.80	26.61	32.12	39.57	46.44	54.26
52	19.70	24.00	26.99	32.62	40.17	47.29	55.17
53	19.84	24.17	27.34	33.10	40.80	48.18	56.06
54	19.99	24.34	27.70	33.58	41.40	48.36	56.98
55	20.14	24.50	28.06	34.08	42.04	49.26	57.88
56	20.29	24.67	28.42	34.56	42.64	49.94	58.79
57	20.44	24.84	28.77	35.04	43.28	50.68	59.71
58	20.61	25.01	29.16	35.55	43.89	51.58	60.60
59	20.77	25.18	29.52	36.03	44.49	52.37	61.51
60	20.92	25.35	29.87	36.51	45.13	53.15	62.44
61	21.06	25.52	30.24	37.00	45.74	53.93	63.32
62	21.22	25.69	30.58	37.50	46.35	54.72	64.23
63	21.40	25.89	30.93	37.99	46.99	55.47	65.15
64	21.54	26.07	31.30	38.46	47.60	56.26	66.03
65	21.70	26.24	31.64	38.95	48.22	56.81	66.94
66	21.85	26.41	32.02	39.47	48.86	57.59	67.85
67	21.99	26.58	32.36	39.95	49.47	58.38	68.74
68	22.17	26.75	32.74	40.44	50.56	59.18	69.64
69	22.71	27.30	33.51	41.36	51.32	60.26	70.74
70	23.25	27.85	34.28	42.29	52.09	61.35	71.84
Oversized	62.42	65.30	66.60	68.57	91.83	97.79	108.23

Balloon Price

Pieces exceeding 84 inches in length and girth combined (but not more than 108 inches) and weighing less than 20 pounds are subject to a price equal to that for a 20-pound parcel for the zone to which the parcel is addressed.

Oversized Pieces

Regardless of weight, any piece that measures more than 108 inches (but not more than 130 inches) in length plus girth must pay the oversized price.

Pickup On Demand Service

Add \$15.30 for each Pickup On Demand stop